

[COMMITTEE PRINT]

JUNE 18, 2007

110TH CONGRESS
1ST SESSION**H. R.** _____To

IN THE HOUSE OF REPRESENTATIVES

M____ introduced the following bill; which was referred to the
Committee on _____

_____**A BILL**

To

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TABLE OF CONTENTS.**

4 The table of contents for this Act is as follows:

- Sec. 1. Table of contents.
- Sec. 2. Renewable fuel infrastructure development.
- Sec. 3. Prohibition on franchise agreement restrictions related to renewable fuel infrastructure.
- Sec. 4. Renewable fuel dispenser requirements.
- Sec. 5. Pipeline feasibility study.
- Sec. 6. Study of ethanol-blended gasoline with greater levels of ethanol.
- Sec. 7. Study of the adequacy of railroad transportation of domestically-produced renewable fuel.
- Sec. 8. Standard specifications for biodiesel.
- Sec. 9. Grants for cellulosic ethanol production.

Sec. 10. Consumer education campaign relating to flexible-fuel vehicles.

Sec. 11. Domestic manufacturing conversion grant program.

1 **SEC. 2. RENEWABLE FUEL INFRASTRUCTURE DEVELOP-**
2 **MENT.**

3 (a) DEFINITION.—For purposes of this Act—

4 (1) the term “renewable fuel” means E85 or
5 B20;

6 (2) the term “B20” means a mixture of bio-
7 diesel or renewable diesel and diesel fuel meeting the
8 standard established under section 211(u) of the
9 Clean Air Act for fuel containing 20 percent bio-
10 diesel or renewable diesel;

11 (3) the term “E85” means a fuel blend con-
12 taining 85 percent denatured ethanol and 15 percent
13 gasoline by volume;

14 (4) the term “flexible-fuel vehicle” means any
15 motor vehicle warranted by the manufacturer of the
16 vehicle as capable of operating on gasoline or diesel
17 fuel and on—

18 (A) E85; or

19 (B) B20; and

20 (5) The term “motor vehicle” means, as defined
21 in regulations promulgated by the Administrator of
22 the Environmental Protection Agency that are in ef-
23 fect on the date of enactment of this Act—

24 (A) a light-duty truck;

1 (B) a light-duty vehicle; or

2 (C) medium-duty passenger vehicle,

3 that is designed to be propelled by gasoline or diesel

4 fuel.

5 (b) INFRASTRUCTURE DEVELOPMENT GRANTS.—

6 The Secretary of Energy shall establish a program for
7 making grants for providing assistance to retail and
8 wholesale motor fuel dealers or other entities for the in-
9 stallation, replacement, or conversion of motor fuel storage
10 and dispensing infrastructure to be used exclusively to
11 store and dispense renewable fuel. Such infrastructure
12 may include equipment used in the blending, distribution,
13 and transport of such fuels.

14 (c) RETAIL TECHNICAL AND MARKETING ASSIST-

15 ANCE.—The Secretary of Energy shall enter into contracts
16 with entities with demonstrated experience in assisting re-
17 tail fueling stations in installing refueling systems and
18 marketing renewable fuels nationally, for the provision of
19 technical and marketing assistance to recipients of grants
20 under this section. Such assistance shall include—

21 (1) technical advice for compliance with applica-
22 ble Federal and State environmental requirements;

23 (2) help in identifying supply sources and se-
24 curing long-term contracts; and

1 (3) provision of public outreach, education, and
2 labeling materials.

3 (d) ALLOCATION.—The Secretary of Energy may re-
4 serve funds appropriated for carrying out this section to
5 support renewable fuels infrastructure development
6 projects with a cost of greater than \$1,000,000, that are
7 of national significance. The Secretary shall reserve funds
8 appropriated for the renewable fuels infrastructure devel-
9 opment grant program for technical and marketing assist-
10 ance described in subsection (c).

11 (e) SELECTION CRITERIA.—Not later than 12
12 months after the date of enactment of this Act, the Sec-
13 retary shall establish criteria for evaluating applications
14 for grants under this section that will maximize the avail-
15 ability and use of renewable fuel, and that will ensure that
16 renewable fuel is available across the country. Such cri-
17 teria shall provide for—

18 (1) consideration of the public demand for each
19 renewable fuel in a particular geographic area based
20 on State registration records showing the number of
21 flexible-fuel vehicles;

22 (2) consideration of the opportunity to create or
23 expand corridors of renewable fuel stations along
24 interstate or State highways;

1 (3) consideration of the experience of each ap-
2 plicant with previous, similar projects;

3 (4) consideration of population, number of flexi-
4 ble-fuel vehicles, number of retail fuel outlets, and
5 saturation of flexible-fuel vehicles; and

6 (5) priority consideration to applications that—

7 (A) are most likely to maximize displace-
8 ment of petroleum consumption, measured as a
9 total quantity and a percentage;

10 (B) are best able to incorporate existing
11 infrastructure while maximizing, to the extent
12 practicable, the use of renewable fuels; and

13 (C) demonstrate the greatest commitment
14 on the part of the applicant to ensure funding
15 for the proposed project and the greatest likeli-
16 hood that the project will be maintained or ex-
17 panded after Federal assistance under this sec-
18 tion is completed.

19 (f) COMBINED APPLICATIONS.—States and local gov-
20 ernment entities and nonprofit entities may apply for as-
21 sistance under this section on behalf of a group of retailers
22 within a certain geographic area, or to carry out regional
23 or multistate deployment projects. Any such application
24 shall certify the availability and details of a program to

1 match the Federal grant as required under subsection (g)
2 and list the retail locations that would receive the funds.

3 (g) LIMITATIONS.—Assistance provided under this
4 section shall not exceed—

5 (1) 33 percent of the estimated cost of the in-
6 stallation, replacement, or conversion of motor fuel
7 storage and dispensing infrastructure; or

8 (2) \$180,000 for a combination of equipment at
9 any one retail outlet location.

10 (h) OPERATION OF RENEWABLE FUEL STATIONS.—

11 The Secretary shall establish rules that set forth require-
12 ments for grant recipients under this section that include
13 providing to the public the renewable fuel, establishing a
14 marketing plan that informs consumers of the price and
15 availability of the renewable fuel, clearly labeling the dis-
16 pensers and related equipment, and providing periodic re-
17 ports on the status of the renewable fuel sales, the type
18 and amount of the renewable fuel dispensed at each loca-
19 tion, and the average price of such fuel.

20 (i) NOTIFICATION REQUIREMENTS.—Not later than
21 the date on which each renewable fuel station begins to
22 offer renewable fuel to the public, the grant recipient that
23 used grant funds to construct or upgrade such station
24 shall notify the Secretary of Energy of such opening. The
25 Secretary of Energy shall add each new renewable fuel

1 station to the renewable fuel station locator on its Website
2 when it receives notification under this subsection.

3 (j) INELIGIBILITY.—No person may receive assist-
4 ance under this section and receive a credit under section
5 30C of the Internal Revenue Code of 1986.

6 (k) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to the Secretary of En-
8 ergy such sums as may be necessary for carrying out this
9 section.

10 **SEC. 3. PROHIBITION ON FRANCHISE AGREEMENT RE-**
11 **STRICTIONS RELATED TO RENEWABLE FUEL**
12 **INFRASTRUCTURE.**

13 (a) IN GENERAL.—Title I of the Petroleum Mar-
14 keting Practices Act (15 U.S.C. 2801 et seq.) is amended
15 by adding at the end the following:

16 **“SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLA-**
17 **TION OF RENEWABLE FUEL PUMPS.**

18 “(a) DEFINITION.—In this section:

19 “(1) RENEWABLE FUEL.—The term ‘renewable
20 fuel’ means any fuel—

21 “(A) at least 85 percent of the volume of
22 which consists of ethanol; or

23 “(B) any mixture of biodiesel or renewable
24 diesel (as defined in regulations adopted pursu-
25 ant to section 211(o) of the Clean Air Act (40

1 C.F.R., Part 80)) and diesel fuel, determined
2 without regard to any use of kerosene and con-
3 taining at least 20 percent biodiesel or renew-
4 able diesel.

5 “(2) FRANCHISE-RELATED DOCUMENT.—The
6 term ‘franchise-related document’ means—

7 “(A) a franchise under this Act; and

8 “(B) any other contract or directive of a
9 franchisor relating to terms or conditions of the
10 sale of fuel by a franchisee.

11 “(b) PROHIBITIONS.—

12 “(1) IN GENERAL.—Notwithstanding any provi-
13 sion of a franchise-related document in effect on the
14 date of enactment of this section, no franchisee or
15 affiliate of a franchisee shall be restricted by its
16 franchisor from—

17 “(A) installing on the marketing premises
18 of the franchisee a renewable fuel pump or
19 tank, except that the franchisee’s franchisor
20 may restrict the installation of a tank on leased
21 marketing premises of such franchisor;

22 “(B) converting an existing tank or pump
23 on the marketing premises of the franchisee for
24 renewable fuel use, so long as such tank or
25 pump and the piping connecting them are ei-

1 ther warranted by the manufacturer or certified
2 by a recognized standards setting organization
3 to be suitable for use with such renewable fuel;

4 “(C) advertising (including through the
5 use of signage) the sale of any renewable fuel;

6 “(D) selling renewable fuel in any specified
7 area on the marketing premises of the
8 franchisee (including any area in which a name
9 or logo of a franchisor or any other entity ap-
10 pears);

11 “(E) purchasing renewable fuel from
12 sources other than the franchisor if the
13 franchisor does not offer its own renewable fuel
14 for sale by the franchisee;

15 “(F) listing renewable fuel availability or
16 prices, including on service station signs, fuel
17 dispensers, or light poles; or

18 “(G) allowing for payment of renewable
19 fuel with a credit card,

20 so long as such activities do not constitute willful
21 adulteration, mislabeling, or misbranding of motor
22 fuels or other trademark violations by the franchisee.

23 “(2) EFFECT OF PROVISION.—Any restriction
24 described in paragraph (1) that is contained in a
25 franchise-related document and in effect on the date

1 of enactment of this section shall be considered to be
2 null and void as of that date.

3 “(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No
4 franchise-related document that requires that 3 grades of
5 gasoline be sold by the applicable franchisee shall prevent
6 the franchisee from selling an renewable fuel in lieu of
7 1, and only 1, grade of gasoline.”.

8 (b) ENFORCEMENT.—Section 105 of the Petroleum
9 Marketing Practices Act (15 U.S.C. 2805) is amended by
10 striking “102 or 103” each place it appears and inserting
11 “102, 103, or 107”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) IN GENERAL.—Section 101(13) of the Pe-
14 troleum Marketing Practices Act (15 U.S.C.
15 2801(13)) is amended by adjusting the indentation
16 of subparagraph (C) appropriately.

17 (2) TABLE OF CONTENTS.—The table of con-
18 tents of the Petroleum Marketing Practices Act (15
19 U.S.C. 2801 note) is amended—

20 (A) by inserting after the item relating to
21 section 106 the following:

“Sec. 107. Prohibition on restriction of installation of renewable fuel pumps.”;
and

22 (B) by striking the item relating to section
23 202 and inserting the following:

“Sec. 202. Automotive fuel rating testing and disclosure requirements.”.

1 **SEC. 4. RENEWABLE FUEL DISPENSER REQUIREMENTS.**

2 (a) MARKET PENETRATION REPORTS.—The Sec-
3 retary of Energy, in consultation with the Secretary of
4 Transportation, shall determine and report to Congress
5 annually on the market penetration for flexible-fuel vehi-
6 cles in use within geographic regions to be established by
7 the Secretary of Energy.

8 (b) DISPENSER FEASIBILITY STUDY.—Not later
9 than 24 months after the date of enactment of this Act,
10 the Secretary of Energy, in consultation with the Depart-
11 ment of Transportation, shall report to the Congress on
12 the feasibility of requiring motor fuel retailers to install
13 E-85 compatible dispensers and related systems at retail
14 fuel facilities in regions where flexible-fuel vehicle market
15 penetration has reached 15 percent of motor vehicles. In
16 conducting such study, the Secretary shall consider and
17 report on the following factors:

18 (1) The commercial availability of E-85 fuel
19 and the number of competing E-85 wholesale sup-
20 pliers in a given region.

21 (2) The level of financial assistance provided on
22 an annual basis by the Federal Government, State
23 governments, and nonprofit entities for the installa-
24 tion of E-85 compatible infrastructure.

1 (3) The number of retailers whose retail loca-
2 tions are unable to support more than 2 under-
3 ground storage tank dispensers.

4 (4) The expense incurred by retailers in the in-
5 stallation and sale of E-85 compatible dispensers
6 and related systems and any potential effects on the
7 price of motor vehicle fuel.

8 **SEC. 5. PIPELINE FEASIBILITY STUDY.**

9 (a) IN GENERAL.—The Secretary of Energy, in con-
10 sultation with the Secretary of Transportation, shall con-
11 duct a study of the feasibility of the construction of dedi-
12 cated ethanol pipelines.

13 (b) FACTORS.—In conducting the study, the Sec-
14 retary shall consider—

15 (1) the quantity of ethanol production that
16 would make dedicated pipelines economically viable;

17 (2) existing or potential barriers to dedicated
18 ethanol pipelines, including technical, siting, financ-
19 ing, and regulatory barriers;

20 (3) market risk (including throughput risk) and
21 means of mitigating the risk;

22 (4) regulatory, financing, and siting options
23 that would mitigate risk in those areas and help en-
24 sure the construction of 1 or more dedicated ethanol
25 pipelines;

1 (5) financial incentives that may be necessary
2 for the construction of dedicated ethanol pipelines,
3 including the return on equity that sponsors of the
4 initial dedicated ethanol pipelines will require to in-
5 vest in the pipelines;

6 (6) technical factors that may compromise the
7 safe transportation of ethanol in pipelines, identi-
8 fying remedial and preventative measures to ensure
9 pipeline integrity; and

10 (7) such other factors as the Secretary con-
11 siders appropriate.

12 (c) REPORT.—Not later than 15 months after the
13 date of enactment of this Act, the Secretary shall submit
14 to Congress a report describing the results of the study
15 conducted under this section.

16 **SEC. 6. STUDY OF ETHANOL-BLENDED GASOLINE WITH**
17 **GREATER LEVELS OF ETHANOL.**

18 (a) IN GENERAL.—The Administrator of the Envi-
19 ronmental Protection Agency, in cooperation with the Sec-
20 retary of Energy and the Secretary of Transportation, and
21 after providing notice and an opportunity for public com-
22 ment, shall conduct a study of the feasibility of widespread
23 utilization in the United States of ethanol blended gasoline
24 with levels of ethanol greater than 10 percent.

1 (b) STUDY.—The study under subsection (a) shall in-
2 clude—

3 (1) a review of production and infrastructure
4 constraints on increasing the consumption of eth-
5 anol;

6 (2) an evaluation of the economic, market, and
7 energy impacts of State and regional differences in
8 ethanol blends;

9 (3) an evaluation of the economic, market, and
10 energy impacts on gasoline retailers and consumers
11 of separate and distinctly labeled fuel storage facili-
12 ties and dispensers;

13 (4) an evaluation of the environmental impacts
14 of mid-level ethanol blends on evaporative and ex-
15 haust emissions from on-road, off-road and marine
16 engines, recreational boats, vehicles, and equipment;

17 (5) an evaluation of the impacts of mid-level
18 ethanol blends on the operation, durability, and per-
19 formance of on-road, off-road, and marine engines,
20 recreational boats, vehicles, and equipment; and

21 (6) an evaluation of the safety impacts of mid-
22 level ethanol blends on consumers that own and op-
23 erate off-road and marine engines, recreational
24 boats, vehicles, or equipment.

1 (c) REPORT.—Not later than 24 months after the
2 date of enactment of this Act, the Administrator shall sub-
3 mit to the Committee on Energy and Commerce of the
4 House of Representatives and the Committee on Environ-
5 ment and Public Works of the Senate a report describing
6 the results of the study conducted under this section.

7 (d) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated to the Administrator
9 such sums as may be necessary for the completion of the
10 study required under this section.

11 **SEC. 7. STUDY OF THE ADEQUACY OF RAILROAD TRANS-**
12 **PORTATION OF DOMESTICALLY-PRODUCED**
13 **RENEWABLE FUEL.**

14 (a) STUDY.—

15 (1) IN GENERAL.—The Secretary of Energy, in
16 consultation with the Secretary of Transportation,
17 shall conduct a study of the adequacy of railroad
18 transportation of domestically-produced renewable
19 fuel.

20 (2) COMPONENTS.—In conducting the study
21 under paragraph (1), the Secretary shall consider—

22 (A) the adequacy of, and appropriate loca-
23 tion for, tracks that have sufficient capacity,
24 and are in the appropriate condition, to move

1 the necessary quantities of domestically-pro-
2 duced renewable fuel;

3 (B) the adequacy of the supply of railroad
4 tank cars, locomotives, and rail crews to move
5 the necessary quantities of domestically-pro-
6 duced renewable fuel in a timely fashion;

7 (C)(i) the projected costs of moving the do-
8 mestically-produced renewable fuel using rail-
9 road transportation; and

10 (ii) the impact of the projected costs on
11 the marketability of the domestically-produced
12 renewable fuel;

13 (D) whether there is adequate railroad
14 competition to ensure—

15 (i) a fair price for the railroad trans-
16 portation of domestically-produced renew-
17 able fuel; and

18 (ii) acceptable levels of service for rail-
19 road transportation of domestically-pro-
20 duced renewable fuel;

21 (E) any rail infrastructure capital costs
22 that the railroads indicate should be paid by the
23 producers or distributors of domestically-pro-
24 duced renewable fuel;

1 (F) whether Federal agencies have ade-
2 quate legal authority to ensure a fair and rea-
3 sonable transportation price and acceptable lev-
4 els of service in cases in which the domestically-
5 produced renewable fuel source does not have
6 access to competitive rail service;

7 (G) whether Federal agencies have ade-
8 quate legal authority to address railroad service
9 problems that may be resulting in inadequate
10 supplies of domestically-produced renewable fuel
11 in any area of the United States; and

12 (H) any recommendations for any addi-
13 tional legal authorities for Federal agencies to
14 ensure the reliable railroad transportation of
15 adequate supplies of domestically-produced re-
16 newable fuel at reasonable prices.

17 (b) REPORT.—Not later than 180 days after the date
18 of enactment of this Act, the Secretary shall submit to
19 the Committee on Energy and Natural Resources of the
20 Senate and the Committee on Energy and Commerce of
21 the House of Representatives a report that describes the
22 results of the study conducted under subsection (a).

23 **SEC. 8. STANDARD SPECIFICATIONS FOR BIODIESEL.**

24 Section 211 of the Clean Air Act (42 U.S.C. 7545)
25 is amended by redesignating subsection (s) as (t), redesignig-

1 nating subsection (r) (relating to conversion assistance for
2 cellulosic biomass, waste-derived ethanol, approved renew-
3 able fuels) as (s) and by adding the following new sub-
4 section at the end thereof:

5 “(u) STANDARD SPECIFICATIONS FOR BIODIESEL.—
6 Not later than 270 days after the date of enactment of
7 this subsection, the Administrator shall promulgate regu-
8 lations establishing a series of uniform per gallon fuel
9 standards for categories of fuels that contain biodiesel or
10 renewable diesel fuel, including one standard for fuel con-
11 taining 20 percent biodiesel or renewable diesel, and des-
12 ignate an identification number for fuel meeting each
13 standard in each such category so that vehicle manufac-
14 turers are able to design engines to use fuel meeting one
15 or more of such standards.”.

16 **SEC. 9. GRANTS FOR CELLULOSIC ETHANOL PRODUCTION.**

17 Subsection (r) of section 211 of the Clean Air Act
18 (as added by section 1512 of the Energy Policy Act of
19 2005), relating to conversion assistance for cellulosic bio-
20 mass, waste-derived ethanol, and approved renewable
21 fuels, is redesignated as subsection (p) and amended as
22 follows:

23 (1) By adding the following new subparagraphs
24 at the end of paragraph (3):

25 “(D) \$500,000,000 for fiscal year 2009.

1 “(E) \$500,000,000 for fiscal year 2010.”.

2 (2) By adding the following new paragraph at
3 the end thereof:

4 “(5) CRITERIA.—In awarding grants under this
5 section, the Secretary shall give priority to applica-
6 tions that promote feedstock diversity and the geo-
7 graphic dispersion of production facilities.”.

8 **SEC. 10. CONSUMER EDUCATION CAMPAIGN RELATING TO**
9 **FLEXIBLE-FUEL VEHICLES.**

10 The Secretary of Transportation, in consultation with
11 the Secretary of Energy, shall carry out an education pro-
12 gram to inform consumers about which motor vehicles are
13 flexible-fuel vehicles and how to exercise their opportunity
14 to choose E85 or B20. As part of such program, the Sec-
15 retary of Transportation may coordinate with motor vehi-
16 cle manufacturers to notify owners of flexible-fuel vehicles
17 of locations where E85 and B20 are sold in their area.

18 **SEC. 11. DOMESTIC MANUFACTURING CONVERSION GRANT**
19 **PROGRAM.**

20 Section 712 of the Energy Policy Act of 2005 (42
21 U.S.C. 16062) is amended—

22 (1) in subsection (a)—

23 (A) by inserting “, flexible-fuel,” after
24 “production of efficient hybrid”; and

1 (B) by adding at the end the following:

2 “Priority shall be given to the refurbishment or
3 retooling of manufacturing facilities that have
4 recently ceased operation or will cease operation
5 in the near future.”; and

6 (2) by striking subsection (b) and inserting the
7 following:

8 “(b) COORDINATION WITH STATE AND LOCAL PRO-
9 GRAMS.—The Secretary may coordinate implementation of
10 this section with State and local programs designed to ac-
11 complish similar goals, including the retention and retrain-
12 ing of skilled workers from the such manufacturing facili-
13 ties, including by establishing matching grant arrange-
14 ments.

15 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated to the Secretary such
17 sums as may be necessary to carry out this section.”.